Distr.
GENERAL

IDB.16/22
PBC.12/12
14 October 1996

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

Industrial Development Board
Sixteenth session
Vienna, 20-22 November 1996
Item 5 (a) of the provisional agenda

Programme and Budget Committee
Twelfth session
Vienna, 18-20 November 1996
Item 4 of the provisional agenda

IMPLEMENTATION OF THE PROGRAMME AND BUDGETS, 1996-1997

Informal intersessional consultations on an in-depth examination of the programmatic contents of the revised programme and budgets for the biennium 1996-1997

Report by the Chairman of the Programme and Budget Committee,
H.E. Mr. A. Celso de Ouro-Preto (Brazil)

Introduction

1. The Industrial Development Board at its fifteenth session requested the Director-General to organize informal intersessional consultations with delegations, under the guidance of the Chairman of the Programme and Budget Committee, with a view to conducting an in-depth examination of the programmatic contents of the revised programme and budgets for the biennium 1996-1997 (IDB.15/Dec.3, para. (b)). Accordingly, as discussed in a meeting of the combined Bureaux of the Board and the Committee on 7 June 1996, meetings of the informal consultations were held under the chairmanship of the Chairman of the Programme and Budget Committee, H.E. Mr. A. Celso de Ouro-Preto (Brazil) on 17 and 21 June, and on 25 September. On 3 September 1996, the informal intersessional consultations met under the chairmanship of Mr. M. W. Abouzeid (Egypt), Vice-Chairman of the Programme and Budget Committee, and on 14 October the meeting was chaired by H.E. Mrs. D. Rozgonova (Slovakia), Vice-Chairman of the Programme and Budget Committee.

2. The in-depth examinations included presentations of the activities under UNIDO Major Programmes, which were made on 21 June (Africa, as part of Country Programmes and Funds Mobilization, and Investment and Technology Promotion), 3 September (Human Resource, Enterprise and Private Sector Development) and 25 September (Industrial Sectors and Environment, and Research and Publications).

3. At the first meeting, held on 17 June 1996, a representative of the Secretariat, in his introductory remarks, noted that the programme and budgets of UNIDO for 1996-1997, contained in document IDB/S.6/2, should be reviewed having regard to the

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V.96 86276 (E) (a:\1996\pmo.4)

Distr.: 17 October 1996

interlinking documents on the reform, namely documents GC.6/CRP.3 and GC.6/30 and Add.1. He also noted that, as for the UNIDO Secretariat, the meeting had a dual purpose: (a) to assist Member States with the review of the programmatic contents of the approved programme and budgets, 1996-1997, and related budgetary aspects by providing information, as required, and (b) to take account of the comments of Member States made during the review as guidance to assist in the revision of the format of future programme and budgets.

4. A representative of the Secretariat then recalled the uncertain outlook that the Organization faced during 1995 in respect of its future membership and the consequent impact on the programme and budgets for the 1996-1997 biennium. He then provided an overview and recapitulation of the process of budget approval, which included the submission to and approval by the Programme and Budget Committee of the original programme and budgets, the subsequent preparation of expenditure plans, culminating in the preparation and approval by the General Conference of the revised programme and budgets and contingency plans.

Organizational matters

5. In view of the informal nature of the meeting and the tradition of previous similar meetings, as well as the need to effect savings, it was agreed to conduct the informal consultations in English only, although it was pointed out that normally a meeting dealing with such important matters should be conducted in all official languages.

6. The representative of Japan introduced a list of items to be covered during the informal consultations, which was adopted as the agenda, as follows:

I. Generalities:

1. Methodology of budget presentation:

(a) Difficulties in quantitative illustration of thematic priorities;

(b) Necessity of clarification of presentation objectives.

2. Format revision:

(a) Presentation of changes enabling comparison over bienniums, including re-cost;

(b) Reference to the legislative background.

3. Policy change.

4. Conformity of narratives to resources.

5. Relevance of decentralization (e.g. career development training, printing).

6. Need for revised or supplementary estimates.

II. Particulars:

1. Case study—Impact of staff reduction:

(a) Africa Bureau;

(b) Investment and Technology Division.

7. The discussions during the informal consultations were grouped under two major headings: (a) methodology, format and general review of content and (b) review of specific Major Programmes and Programmes.

I. METHODOLOGY, FORMAT AND GENERAL REVIEW OF CONTENTS

8. Representatives of Member States queried whether UNIDO had ever prepared, or considered preparing a programme budget as compared to the present methodology of programme and budgets. It was also questioned whether the newly adopted seven thematic priorities of the Organization could be presented in terms of individual allocation of resources to each of them. The Secretariat explained the historical development of the present format of the programme and budgets, which had always been prepared on the basis of the structure of the Organization, while also showing the cross-organizational linkages for specific programmes. The present format had been approved by the Industrial Development Board in 1990. It was also pointed out that there existed no common approach to the presentation of budgets within the United Nations system. However, representatives were assured that, in future programme and budgets, the Secretariat intended to show the work programmes, activities, outputs and resource allocations by individual thematic priorities and, as previously, by Major Programme, Programme and Subprogramme, which largely equate to the organizational structure.

9. A representative of a Member State noted that insufficient information was provided in the present format on previous bienniums with regard to allocations for staff, and thus it was difficult to see if growth had taken place. It was further suggested that resource changes should be shown at the same rates to enable comparisons. As regards the texts, he noted that if changes were made between bienniums, they should be clearly explained in the narrative.

10. In response to a question as to why post changes at all programme levels were not visible in the programme and budget document, it was explained that the concept of including this information had been dispensed with by the Industrial Development Board, when approving the present format in 1990. For the 1996-1997 biennium, specific information on that subject had been made available in document GC.6/CRP.3. As regards changes in the resource allocation information between bienniums, this information is presented in annexes to the budgets. However, it was agreed that an improved presentation of these items could be made in future budgets.

11. In response to a question regarding the conformity of narratives to resources, the Secretariat assured that necessary attention was paid to avoid duplication and to present clearly-envisaged activities and outputs. With regard to the decentralization of training, EDP and printing funds, it was explained that the reason was to show expenditures where they occurred. Nevertheless, policy decisions were made centrally and Managing Directors were held fully accountable for their use of resources. Career development training activities were undertaken jointly with Personnel Services.

12. The discussions then moved to the lack of appropriate mechanisms for budgetary revisions within a biennium. Some representatives expressed the view that such changes were often the result of postponements of programme implementation due to late payment of assessed contributions. Consideration could therefore be given to delegating the authority to the Industrial Development Board for selected budgetary changes. Similar flexibility was available in other United Nations organizations. Proposed amendments to the financial regulations, to be submitted to the forthcoming session of the Industrial Development Board, will address these issues.

II. REVIEW OF SPECIFIC MAJOR PROGRAMMES AND PROGRAMMES

13. According to the agenda, specific case studies (i.e. Africa and the Investment and Technology Promotion) were reviewed, particularly with regard to the impact of staff reductions on the planned activities and outputs. Subsequently, representatives agreed to review—time permitting—the activities of other Major Programmes of the Organization.

14. On each of the selected Major Programmes or Programmes (see para. 2 above), the Secretariat provided detailed information on staff and other resource reductions and outlined in detail the priorities, activities and outputs envisaged during the biennium, as also contained in the document of the approved programme and budgets, 1996-1997. The information provided in the paragraphs below provides a summary of the explanations given in reply to specific questions.

15. The discussion on the activities of the Africa Bureau also included the programme for the Second Industrial Development Decade for Africa (IDDA) and the planned Alliance for Africa's Industrialization (AAI). In this context, several representatives raised questions on AAI and emphasized that the resource reductions required in UNIDO's budgets must under no circumstances affect the budgets for IDDA activities. The Secretariat confirmed that, notwithstanding the overall reductions of 21 per cent in UNIDO resources, the resources for both the IDDA supplementary activities and the IDDA component of the Regular Programme of Technical Cooperation had remained at the same level as in the programme and budgets, 1994-1995. Resources allocated to the Africa Bureau (programme 330) had also increased by 3.6 per cent. The Special Adviser for AAI had been placed against a vacant D-1 post in General Management.

16. Representatives of the Secretariat stressed again the fact that not only the Africa Bureau, but all substantive programmes of UNIDO supported programmes and projects in Africa. Furthermore, thematic priority 7 specifically addressed agro-based industries in Africa, and three out of the recently launched five high-impact programmes were devoted to Africa. It was also reiterated that assistance for LDCs—of which the majority is located on the African continent—was another important priority of UNIDO activities. With regard to IDDA, the Africa Bureau closely cooperated with the Arab Bureau in all matters of programming and coordination. The status of preparation of AAI—both at Headquarters and in African countries—was explained and representatives repeated their concerns over the funding sources for AAI activities. It was agreed that Permanent Missions would be kept informed of the progress of AAI.

17. In reviewing the Investment and Technology Promotion Major Programme, representatives of Member States expressed concern about the higher-than-average resource reductions of 25.8 per cent. It was explained that this was due mainly to the discontinuation of the system of consultations programme. Detailed explanations were also provided on the ongoing internal reorganization of the Division with the aim to increase quality through improved teamwork, coordination and the integration of investment, technology and information activities. The need to further intensify investment promotion activities and their follow-up was repeatedly emphasized. As regards Economic Cooperation among Developing Countries, it was

explained that the coordination unit was now under the direct supervision of the Managing Director, with the aim to achieve more practical programmes, particularly in the area of technology transfer.

18. The presentation of the Human Resource, Enterprise and Private Sector Development Major Programme provided details on each component, with particular emphasis on the conceptual work in elaborating normative activities under UNIDO's global forum role, as well as on the specific activities in the areas of training, small and medium industries, enterprise and private sector development. Representatives expressed their support of the planned activities under the various programmes. Upon request of one representative, examples of project-level work in the various programmes were provided. One representative requested more information on activities in human resources development, in particular group training programmes. It was explained that, in response to General Conference resolution GC.6/Res.4, UNIDO was giving more emphasis to national capacity-building and institution-building, and that group training programmes—while being continued—were more closely linked to the new thematic priorities.

19. In the presentation on the Industrial Sectors and Environment Major Programme, the evolution of these programmes over the recent years was reviewed. It was stressed that the funding pattern had changed radically, with UNDP funds declining sharply, while—since 1992—the Multilateral Fund for the Implementation of the Montreal Protocol had assumed great importance for UNIDO. It was further demonstrated how the various Programmes had been geared to serve the thematic priorities of UNIDO. An outlook was also provided on the key managerial challenges faced by the Division, such as a smooth transition away from the present high reliance on the Montreal Protocol, which could not be considered a permanent source of funding. Representatives asked questions concerning the involvement of Governments in the programme reorientation of the Division, the high vacancy rate prevailing in the Division and the extent of in-house cooperation on technology issues. The Secretariat emphasized the need for Member States to support the role and functions of UNIDO not only in the Organization's policy-making organs but also in other international forums and funding mechanisms where industrial development played an important role. The present vacancy rate as well as the limited non-staff resources available to the Division was seen as a constraining factor in programme implementation. This situation was being addressed, however, by selective recruitment of highly specialized staff for five Professional-level posts. Interdivisional cooperation on technology issues was evident in many fields, a significant one of which was the build-operate-transfer (BOT) schemes.

20. In the presentation on the Research and Publications Major Programme of UNIDO, information on the objectives and focus of the various components was provided. The Industrial Statistics Programme was reported to be concentrating on developing efficient databases in its clearing-house function for global industrial statistics, on related research and analysis, and increasingly on capacity-building technical cooperation. Work in the Studies and Research Programme was focusing on improving the annual *Global Report* as UNIDO's "flagship publication" as well as on industrial policy and industrial sector studies as support to the thematic priorities of UNIDO. The Public Information Programme, in its efforts to project a consistent public corporate image of UNIDO, was emphasizing improved media relations and better external and internal communication, the first results of which were already visible. Representatives questioned the placement of public information functions in the present organizational structure. It was explained that public information drew heavily on the data and research emanating from this Division and was exercising an important advisory function on the overall UNIDO publications approach. In this capacity, Public Information was benefiting from links to the other programmes as well as from interaction with the Publications Board, the Secretariat of which was also located in the same Division. In addition, the link between Public Information and the Office of the Director-General was explicated. Further questions were related to the functions and publicity of the *Global Report*. One representative suggested to establish the position of "chief economist" within UNIDO to present authoritative views on economic development issues. In response to a question on the discontinuation of the *Industrial Development Review* series, the Secretariat referred to resource constraints and the need to orient the limited research resources towards supporting the thematic priorities of UNIDO.